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Utah Counties Insurance Pool
Serving Counties Since 1992

MEMBERSHIP MEETING

M I N U T E S

November 11, 2003, 6:00 p.m.
Dixie Convention Center, St. George, UT

BOARD MEMBERS PRESENT:

Dan McConkie, *President*, Davis County Commissioner
Lynn Lemon, *Vice-President*, Cache County Executive
Gene Roundy, *Secretary-Treasurer*, Iron County Commissioner
Steve Baker, Davis County Personnel Director
Ken Bischoff, Weber County Commissioner
Kay Blackwell, Piute County Commissioner

Jim Eardley, Washington County Commissioner
Jerry Grover, Utah County Commissioner
Ira Hatch, Emery County Commissioner
Ed Phillips, Millard County Sheriff
Kent Sundberg, Utah County Deputy Attorney
Steve Wall, Sevier County Clerk-Auditor

MEMBERS PRESENT:

Jim Abegglen, Uintah County Commissioner
Judy Bane, Grand County Administrator
Paul Barton, Beaver County Clerk-Auditor
Valeen Brown, Piute County Clerk-Auditor
Bill Cox, Rich County Commissioner
Bud Cox, Davis County Sheriff
Michael Cragun, Davis County Commissioner
Val Draper, Wasatch County Council Member
Scott Durfey, Wayne County Commissioner
Craig Greathouse, Millard County Commissioner
Diane Freston, Duchesne County Clerk-Auditor
Roger Handy, Box Elder County Auditor
Gary Herbert, Utah County Commissioner
Kim Jackson, Utah County Clerk-Auditor
Karla Johnson, Kane County Clerk-Auditor
Stacy Lafitte, Morgan County Clerk-Auditor
Thomas Low, Wasatch County Attorney
Gary Mason, Sevier County Commissioner

Jerry McNeely, Grand County Council Member
Camille Moore, Garfield County Clerk-Auditor
Judy Mutton, Duchesne County Clerk-Auditor
Jim Nyland, Grand County Sheriff
Ralph Okerlund, Sevier County Commissioner
Doug Peterson, Sevier County Commissioner
Kris Poulson, Utah County Assessor
Steve Rawlings, Davis County Clerk-Auditor
Kaye Reese, Washington County Commission Secretary
Larry Ross, Duchesne County Commissioner
Mike Seely, Juab County Administrator
Bart Smith, Morgan County Council Member
Brent Titcomb, Wasatch County Clerk-Auditor
RaNae Wilde, Daggett County Auditor-Recorder
Mike Wilkins, Uintah County Clerk-Auditor
David Yardley, Iron County Clerk

OTHERS PRESENT:

Cheryl Adams, Tooele County Commission Assistant
Mark Brady, UCIP Loss Control Manager
John Chino, AJG&Co. Account Executive
LaVar Cox, Former Millard County Commissioner
Dennis Ewing, Tooele County Clerk
Blake Frazier, Summit County Auditor
Marilyn Gillette, Tooele County Deputy Clerk

Charmaine Green, VeriClaim Claims Specialist
Lester Nixon, UCIP Director
Tex Olsen, Former Sevier County Commissioner
Korby Siggard, VeriClaim Claims Manager
Gene White, Tooele County Commissioner
Sonya White, UCIP Executive Assistant

Announcement of New Name

Dan McConkie announced the new name of the counties' insurance company—Utah Counties Insurance Pool (UCIP). The Board of Trustees had a great time deciding on a new name and its acronym had to be catchy. An announcement postcard was sent to all elected officials and insurance coordinators. Additional announcement cards were available at the meeting.

Introduction of New Director

Dan McConkie introduced Lester Nixon who was hired by the Board of Trustees as the Director of the Utah Counties Insurance Pool in February. Lester brings 20 years of pooling experience and has proved to be a needed asset to the Pool. Attendees will hear from Lester during this meeting.

Welcome New Members

Dan McConkie welcomed Morgan County officials to their first membership meeting. Morgan County joined the Pool on January 1, 2003. On July 1, the Board of Trustees approved the Local Health Departments as Named Insureds under the Membership Coverage Agreement. Elected officials from Summit and Tooele Counties were thanked for attending this meeting. Summit County has requested a bid from the Pool and Tooele County is in the process of considering a bid from the Pool.

Member Roll Call

Dan McConkie explained that under Article 4.4(c) of the Bylaws, *A majority of the members shall constitute a quorum to do business* and Article 4.5(b) *Members shall have the obligation to designate...a representative...for the members' meetings*. Therefore, roll call was taken and the following members designated as representatives: Paul Barton, Beaver County; Roger Handy, Box Elder County; Lynn Lemon, Cache County; RaNae Wilde, Daggett County; Steve Baker, Davis County; Larry Ross, Duchesne County; Ira Hatch, Emery County; Camille Moore, Garfield County; Judy Bane, Grand County; David Yardley, Iron County; Mike Seely, Juab County; Karla Johnson, Kane County; Craig Greathouse, Millard County; Kay Blackwell, Piute County; Bill Cox, Rich County; Steve Wall, Sevier County; Jim Abegglen, Uintah County; Kent Sundberg, Utah County; Thomas Low, Wasatch County; Jim Eardley, Washington County; Scott Durfey, Wayne County and Ken Bischoff, Weber County. Carbon County, San Juan County and Sanpete County were not represented.

Introduction of Trustees

Kay Blackwell introduced the current Trustees of the UCIP Board: Dan McConkie, President and Davis County Commissioner, representing Davis County; Lynn Lemon, Vice President and Cache County Executive, representing the Third Class Counties; Gene Roundy, Secretary-Treasurer and Iron County Commissioner (not in attendance), representing the Third Class Counties; Steve Baker, Davis County Personnel Director, appointed as the Chair of the Personnel Committee; Ken Bischoff, Weber County Commissioner, representing Weber County; Kay Blackwell, Piute County Commissioner, representing the Fifth and Sixth Class Counties; Jim Eardley, Washington County Commissioner, representing Counties At-Large; Jerry Grover, Utah County Commissioner, representing Utah County; Ira Hatch, Emery County Commissioner, representing Counties At-Large; Ed Phillips, Millard County Sheriff, appointed as the Chair of the Law Enforcement Committee; Kent Sundberg, Utah County Deputy Attorney, appointed as the Chair of the Litigation Management Committee; Steve Wall, Sevier County Clerk-Auditor, representing the Fourth Class Counties.

Introduction of Trustee Nominations

Kay Blackwell, as a member of the Nominating Committee, serving with Dan McConkie and Jim Eardley, explained that 14 nominations for four available Trustee positions were received and reviewed. Kay introduced the nominees willing and able to serve who have been placed on the ballot. As the names were announced, the nominees were asked to come to the podium and take a minute to introduce themselves. For the one position available representing the third class counties: Jim Abegglen, Steve Burge and Gene Roundy. For the one position available representing the fourth class counties: Val Draper, Craig Greathouse and Steve Wall. For the two positions available representing all counties at-large: Bill Cox, Jim Eardley, Ira Hatch and Mike Wilkins.

Speeches by Nominees

The following nominees were given a minute to introduce themselves and speak regarding their willingness and experience to serve on the Board of Trustees: Jim Abegglen, Uintah County Commissioner; Steve Burge, Carbon County Commissioner (not in attendance); Gene Roundy, Iron County Commissioner; Val Draper, Wasatch County Council Member; Craig Greathouse, Millard County Commissioner; Steve Wall, Sevier County Clerk-Auditor; Bill Cox, Rich County Commissioner (arrived after speeches were made); Jim Eardley, Washington County Commissioner; Ira Hatch, Emery County Commissioner and Mike Wilkins, Uintah County Clerk-Auditor.

Ballot Election for 2004 Board of Trustees

Kay Blackwell explained that the President of the Board will not solicit nominations from the floor since nominations were received for all available positions. Each member county has appointed a designated

representative to vote on behalf of their county and have received a ballot. Kay instructed that before the votes are placed remember that those counties in the third class should check one box by their representative choice for third class and check two boxes by their at-large representative choices. For those counties in the fourth class check one box by their representative choice for fourth class and check two boxes by their at-large representative choices. For the second, fifth and sixth class counties check two boxes by your at-large representative choices. If one section of the ballot is not marked, the ballot will be void. The representatives placed their votes, the ballots were gathered by Sonya White, tallied by Charmaine Green and verified by Jerry Grover.

Audit Committee Report

Members of the Audit Committee are Lynn Lemon, Kent Sundberg and Steve Wall. Lynn, as Chair, reported that the Audit Committee operates as an oversight committee by reviewing the actuarial reports and financial statements of the Pool and is charged with making recommendations to the Board on the financial affairs of the Pool. This year the Audit Committee created an Investment Policy to invest Pool funds in a manner that will provide the highest investment return, with maximum security, while meeting the daily cash flow demands of the Pool.

Law Enforcement Committee Report

Ed Phillips, Chair, reported that the Law Enforcement Committee was constituted in February of 1992 and for the last couple of years has been functioning in conjunction with the Utah Sheriff's Association. Recently, new member county sheriffs were asked to serve on this Committee and yesterday these members met to discuss losses in the area of law enforcement and planned training to help prevent these types of losses. Sheriffs serving on the Law Enforcement Committee are: James Cordova, Carbon County; Bud Cox, Davis County; Leon Jensen, Box Elder County; Alden Orme, Juab County; Brad Slater, Weber County and Kirk Smith, Washington County.

Litigation Management Committee Report

Kent Sundberg, Chair, reported that the Litigation Management Committee meets each month to discuss individual claims, claims administration strategies, litigation trends inside and outside the Pool and to review the list of approved defense attorneys from which the claims manager assigns counsel to individual cases. In the last six months the Committee has removed two firms from the defense attorney list. Right now the case load for the Pool is adequately being represented but resumes are being researched in the event additions to the list need to be made. The Committee reports and makes recommendations to the Board. Officials from member counties often attend the Committee meetings to provide input or request certain action on a particular claim. Attorneys serving on the Litigation Management Committee are: David Blackwell, Emery County; LeRay Jackson, Millard County; Wally Lee, Garfield County; Gary McKean, Davis County; Dave Wilson, Weber County. The Committee will be extending an invitation to fill the vacancy of Derek Pullan, Wasatch County.

Personnel Committee Report

Steve Baker, Chair, reported that HR and Personnel Directors serving on the Personnel Committee are: Paul Barton, Beaver County; Walter Bird, San Juan County; Brad Dee, Weber County; Brandy Grace, Millard County; Peggy Madsen, Box Elder County; Jim Smith, Cache County; Steve Wall, Sevier County; RaNae Wilde, Daggett County and David Yardley, Iron County. Due to the upward trend in the area of personnel in county government, the Personnel Committee was formed to coordinate training geared to counties in the areas of personnel laws, policies, practices and the management of employees. A copy of the evaluation form from the 2003 Personnel Workshop was provided to the attendees (see attachment #1). The Committee has decided that the site for the 2004 Workshop will be at the Sherwood Hills Resort in Wellsville (Cache County). The Workshop will be held May 13-14, 2004. Steve asked that each attendee fill out the 3x5 card provided to them with issues that are effecting their office and/or county, workshop topic suggestions and speaker suggestions. Those filling out the card will be entered into a prize drawing that will take place at dinner following this meeting.

Director's Report

Lester Nixon reported that during its first retreat the Board of Trustees adopted a Pool Plan that includes the following Mission Statement: *UCIP is committed to meet members' needs for quality insurance at competitive, responsible and stable cost, and to assist members with improving their risk management practices.* The Board also outlined the Principles and Beliefs of the Pool. These include but are not limited to: Coverage provided is a promise to pay; to provide as broad coverage as prudence will allow; Pool funds belong to the members; business is conducted with integrity; services are responsive and respectful and member input is sought and encouraged. The Board also addressed performance pressures such as declining interest rates and increasing costs of reinsurance. An Investment Policy was drafted and adopted. Current average yield on "laddered" investments of \$8 million is 3.5% compared to the Public Treasurer's Investment Fund's current rate of 1.5%. The reinsurance program is being aggressively marketed. Five quotes have been received below the renewal offer from the Pool's current reinsurer. Highlights for the year are: 1) claims staff will be made Pool employees January 1 to increase the control of the claims process, improve customer service and reduce costs by \$20,000; 2) coverage agreement revised to address terrorism coverage, broaden medical malpractice and clarify coverage related to sexual

misconduct and criminal activity; 3) coverage provided to local health departments; 4) actuarial services marketed and awarded at a 35% savings; and 5) short and long-range planning process began for the Pool. Goals for 2004 are: 1) workers compensation and medical malpractice coverage options; 2) prompt and efficient claims management provided; and 3) risk management training opportunities provided to members.

Loss Control Manager's Report

Mark Brady reported that his duties as the Loss Control Manager include visiting each member county to conduct building inspections, provide consultations, perform risk management evaluations and provide training. Mark has visited each county this year, most counties two or more times. He also provides phone consultations and has determined that 70% of the 375+ calls received regarding risk management issues involve personnel related matters. Working with the Personnel Committee and Law Enforcement Committee specific workshops and training seminars are scheduled. Lester Nixon and Mark made presentations to the attorneys at their September SWAP conference. Goals for the Loss Control Department in 2004 include: restructuring insurance coordinator training, lobbying with the Utah Association of Counties, planning and zoning conferences, offering advice to sheriff/chief accreditation committee, a fully functional accident review boards in every county, at least two visits to each county, inspection of all health department facilities and that each county qualifying for a premium credit. Good loss control requires good statistical information from which trends and problem areas can be identified.

Claims Manager's Report

Korby Siggard gave an activity report for this past year. In the last 12 months, 237 claims were opened and 265 claims were closed. There are currently 131 claims open and 70 lawsuits open. For the months of October 31, 2002 through October 31, 2003 the total expense payments made equal \$799,432.99, total bodily injury payments made equal \$877,326.69, the total property damage payments made equal \$745,741.53 for a grand total of \$2,422,501. Recoveries equal \$215,609. Korby charted the net incurred loss through October 1999 to 2003 for auto, general liability and property (see attachment #2). Auto losses were at a high in year 2001, general liability has stayed consistent each year except for year 2000 when losses were approximately \$200,000 lower and property losses for the last three years have been consistent with years 1999 and 2000 lower than average. The average time spent to close a claim in 1992 was 313 days, in 1996 was 430 days, in 2000 was 122 days and in 2003 is 34 days, showing that the claims department has become more efficient.

Broker's Report

John Chino gave the members a market update of the latest renewal for Arthur J. Gallagher & Co. clients overall. Thirty-three percent are renewing at the same premium or down 10%. Forty percent are up 1 to 10% and twenty-seven percent are up 10 to 20%. Just for the liability renewals, 63% went up by 1 to 20% and 30% held steady. The reasons/problems with liability increases are due to the increasing costs of errors and omissions claims, medical malpractice claims and general liability claims. The structure for the Utah Counties Insurance Pool program is property, mobile equipment and auto physical damage self-insured retention of \$150,000 with \$250,000,000 excess through Travelers Insurance Company. General liability, auto liability, EMTs, police professional, public officials and employees' self-insured retention of \$250,000 with \$2,000,000 excess (quote yet to be accepted by the Pool Board of Trustees). John reviewed the market summary for the Pool with the members (see attachment #3) showing quotes from five different reinsurers. Counties Reinsurance Limited as quoted the lowest for casualty coverage at \$557,598. John also provided the members with a look at other state pools' workers' compensation program. New Mexico began their program in 1987, have 27 counties insured and have returned \$13,380,308 or 27% back to their members. Arizona began their program in 1995, have 11 counties insured and have returned \$4,283,698 or 15% back to their members.

Amended Interlocal Cooperation Agreement

Jim Eardley explained that with the legal name change, the Board hired an attorney to compare the Interlocal Cooperation Agreement to requirements of the applicable sections of the Utah Code. Recommended changes were incorporated into the Agreement and the Board approved the changes at its July 17 meeting. The Agreement was sent to each member county with a sample resolution to execute the Agreement. Upon review of the amendments, member counties proposed changes to be made in Section 9 and Section 12 regarding the voluntary dissolution of the Pool and disposition of property. Statute references were also proposed to be changed from the year 2002 to 2003. Due to these member recommendations (approved by the Board on August 12) the Amended Interlocal Cooperation Agreement will again be sent to each member to execute. Jim asked that the members look for the Agreement and approve the amendments at their next commission/ council meeting and return a copy to the Pool. The Board and/or staff is willing to meet with the governing body if a member has any questions or concerns.

Workers' Compensation Pool

Lester Nixon reported that the inception date of the new Workers' Compensation Pool was schedule for July 1, 2004. Several members requested that the inception date be changed to January 1, 2004. The broker and

actuary are confident the Pool can start-up January 1. The Utah Counties Insurance Pool Audit Committee approved the new Pool at its telephonic conference on November 3. Since the inception date has been moved up, the Pool will have to hire a third-party administrator for claims and bill review—a proposal has been made by Alternative Service Concepts. Staff continues to gather information from counties for the actuary to analyze and finalize pricing.

Approval of November 2002 Minutes

Dan McConkie explained that the minutes of the November 13, 2002 Membership Meeting were previously sent to each designated county representative for review. Lynn Lemon made a motion to approve the November 13, 2002 Membership Meeting minutes as written. David Yardley seconded the motion, which passed unanimously.

Approval of 2004 Budget

Gene Roundy explained that the tentative 2004 Budget of the Utah Counties Insurance Pool was previously sent to each designated county representative for review. The tentative budget was approved by the Board of Trustees at their October 16 meeting. The Retained Equity Revenue item is the amount the Board has approved to be taken from surplus rather than allocated to the members in premiums. Increases in expenses are mainly due to taking the administration of claims in-house. The tentative budget for the Workers' Compensation Pool has yet to be determined. Lynn Lemon made a motion to approve the 2004 Budget as presented. Carol Page seconded the motion, which passed unanimously.

Approval of Bylaws

Steve Wall explained that along with the legal name change, the Board of Trustees hired an attorney to compare the Bylaws to requirements of the applicable sections of the Utah Code. Recommended changes were incorporated into the Bylaws and the Board approved the changes at its July 17 meeting. The Amended Bylaws were electronically sent to the membership for review on October 6. Steve Wall made a motion to approve the Bylaws as amended. Roger Handy seconded the motion, which passed unanimously.

Presentation of Service Awards

Dan McConkie explained that because there have been so many exceptional officials and county employees who have benefited the Pool as Trustees, the Board decided to adopt a practice of recognizing these officials beginning this year. LaVar Cox, former Millard County Commissioner, was introduced to the membership. LaVar served on the Board of Trustees from January 2001 to June 2003 and was presented a service award and gift. Royal Norman, former Box Elder County Commissioner, served on the Board of Trustees from January 1999 to December 2002. He and his wife are serving an LDS Mission in London. Tex Olsen, former Sevier County Commissioner, was introduced to the membership. Tex served on the Board of Trustees from January 1998 to December 2002 and served as chair of the Audit Committee. Tex was presented a service award and gift. Gary Herbert, Utah County Commissioner, was introduced to the membership. Gary served on the Board of Trustees from January 1992 to February 2003 and as President of the Board from December 1992 to February 2003. Gary was presented a service award and gift.

Outstanding Achievements Awards

Ira Hatch explained that each year the Pool recognizes those counties who have made great efforts in the area of property and liability loss control. All members' efforts are appreciated and those honored today are: Rich County for the Lowest Loss Ratio (Bill Cox accepted the award for Rich County). Box Elder County for the Most Improved Loss Ratio (Roger Handy accepted the award for Box Elder County) and Utah County for the Most Compliant (Jerry Grover accepted the award for Utah County).

Election Results

Jerry Grover announced that the votes have been counted and those that will serve as Trustees for a term of two years beginning January 2004 are: Gene Roundy, Third Class Board representative; Jim Eardley and Ira Hatch, At-Large Board representatives; and the Fourth Class Board representative vote ended in a tie between Val Draper and Steve Wall. Pursuant to the Bylaws 5.1 *In the event of a tie vote for elected Trustee positions: (a) If two nominees are running for the same elected Trustee position, the President of the Board of Trustees may conduct a coin toss when the votes are tied.* Dan McConkie conducted a coin toss in which Steve Wall prevailed and will serve as the Fourth Class Board representative.

Adjourn

Dan McConkie thanked the member attendees and invited them and their spouses to attend dinner sponsored by Arthur J. Gallagher & Company (John Chino) and Wachovia Securities (Rob Rich).

